

WILEY, REIN & FIELDING

1776 K STREET, N.W.  
WASHINGTON, D. C. 20006  
(202) 429-7000

R. MICHAEL SENKOWSKI  
(202) 429-7249

July 2, 1996

FACSIMILE  
(202) 429-7049

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Room 222  
Washington, D.C. 20554

RECEIVED

JUL 2 1996

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

Re: WT Docket No. 95-157

Dear Mr. Caton:

In accordance with Section 1.1206 (a) (2) of the Commission's Rules, 47 C.F.R. § 1.1206 (a) (2), this is to notify the Commission that on July 1, 1996, Mark Golden, Suzanne Yelen, and I, on behalf of the Personal Communications Industry Association ("PCIA"), met with Jennifer Warren, David Furth, Michael Hamra, Sandra Danner, and Laura Smith.

The purpose of this meeting was to discuss the PCIA clearinghouse proposal. The subjects discussed are fully reflected in the enclosed materials, which were left with Ms. Warren, Mr. Furth, Mr. Hamra, Ms. Danner, and Ms. Smith.

Should you have any questions regarding the matter, please call me.

Respectfully submitted,

*R. Michael Senkowski*

R. Michael Senkowski

RMS:daj

Enclosures

cc w/enclosures: Ms. Jennifer Warren  
Mr. David Furth  
Mr. Michael Hamra  
Ms. Sandra Danner  
Ms. Laura Smith

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**TALKING POINTS**  
**PCIA Meeting with Jennifer Warren**  
July 1, 1996

- Cost sharing will facilitate the microwave relocation process and the deployment of PCS to the public.
- In order for the cost sharing rules to be implemented, a clearinghouse must be selected by the Wireless Bureau to administer the process.
- PCIA developed the clearinghouse concept and has worked with the industry for over a year to design a sound, efficient proposal for cost sharing administration.
- The comments on the PCIA plan confirm that the industry supports PCIA's plan. Although not endorsing any particular entity, UTC expressed approval with the basic outline suggested by PCIA.
  - The only real criticism of the PCIA plan is in a late-filed letter by ITA. PCIA can respond to all of the issues raised by ITA and feels that its proposal is fully responsive to the needs of all cost sharing participants. (See attached PCIA Responses to ITA Letter Regarding Clearinghouse Plan Comments)
- In contrast, the ITA proposal raises numerous concerns:
  - The ITA proposal does not adequately account for neutrality and confidentiality concerns;
  - ITA's proposal does not include any industry participation, as required by the First Report and Order;
  - ITA's proposal is silent on the availability of adequate funding and its revenue projections are excessively optimistic;
    - > ITA states that it, together with Moffet, Larson & Johnson (MLJ), will fund the start-up costs of the clearinghouse with existing resources, but does not submit a balance sheet or any other information to support its financial ability to undertake the clearinghouse.
    - > In addition, ITA projects substantial revenues, particularly in the early years, from which ITA apparently expects to obtain cash flow to fund its operations. ITA appears to predict some 4,000 link relocations in the first two years, or more than 80% of the total number of links in the band. This estimate does not seem

consistent with the current pace of relocations, and there is no indication that PCS licensees assisted in developing these estimates.

- ITA's proposal demonstrates some misunderstandings of the FCC's rules and information exchange requirements.
- In the non-profit context, there are few, if any, benefits to be gained by designating multiple clearinghouses. PCIA proposes to operate its clearinghouse solely to benefit the PCS industry and any other cost sharing participants designated by the FCC.
  - PCIA has pledged to review its fees each year and will refund any additional fees collected after expenses and repayment of upfront funding to clearinghouse participants.
  - Since the clearinghouses must be non-profit, multiple clearinghouses will simply resort in a duplication of costs with no benefit.
  - Since those elected to the Board of the PCIA clearinghouse will be those paying the transaction fees, they will have every incentive to minimize costs and, thus, fees that must be charged.
- PCIA believes that the Bureau should designate PCIA as the sole cost sharing clearinghouse effective immediately. However, even if the Bureau does intend to designate more than one clearinghouse, the need for additional information and clarification of the ITA plan should not delay PCIA's designation. The sooner the clearinghouse begins operation, the sooner the benefits of cost sharing can be brought to the PCS industry and the public.

**PCIA RESPONSES TO ITA LETTER REGARDING  
CLEARINGHOUSE PLAN COMMENTS**

- ITA states that PCIA has "offered conclusory statements and a regurgitation of the Commission's cost-sharing Report and Order."
  - PCIA has developed a sound, detailed plan for administration of the cost sharing plan. Since the FCC's cost sharing plan is largely based on the industry consensus proposal developed by PCIA, PCIA has a thorough understanding of the FCC's requirements and is in the best position to administer cost sharing. In addition, PCIA modeled both its plan and its submission describing that plan on the plan submitted by UTAM, the unlicensed PCS frequency coordinator, which was previously approved by the FCC.
- ITA states that more than one clearinghouse will not increase costs for cost sharing participants since they will pay fees to only one clearinghouse. In addition, ITA states that one clearinghouse will operate as a monopoly with no incentive to keep its costs and prices low.
  - Multiple clearinghouses will result in additional costs being spread among the same group of cost sharing participants. If all parties use one clearinghouse, those costs will be distributed among a larger group and will thus be smaller for each participant.

PCIA does not understand how one clearinghouse can form a monopoly in a "non-profit" market. PCIA's purpose as the clearinghouse would be to facilitate the relocation process by administering the cost sharing mechanism in the most efficient, least expensive manner. Since clearinghouse participants, who pay the transaction fees, will make up the PCIA Clearinghouse board, they have every possible incentive to keep costs as low as possible -- the lower the costs, the lower the transaction fees.
- ITA claims that multiple clearinghouses are necessary so that each must work to attract incumbents and thus demonstrate its neutrality and impartiality.
  - PCIA has designed its clearinghouse so that all cost sharing participants designated by the Commission can be members of the clearinghouse and are eligible for the Board of Directors which will govern the clearinghouse.

- ITA does not acknowledge that the FCC stated in the Cost Sharing Order that "it is essential for the plan to be administered by industry to the fullest extent possible." ¶ 84. In eliminating any role for the industry, ITA not only removes the buffer that could serve to ensure that the clearinghouse is operated in an impartial manner, but also fails to fulfill one of the FCC's requirements.
- ITA claims that its fee structure is more fair than that of PCIA and that its fees are better correlated with services offered.
  - PCIA's transaction fee is designed so that no fee is due until a cost sharing transaction has taken place. Thus, a relocater can register the relocated link and owes no funds until the clearinghouse identifies another entity which owes a cost sharing obligation. If the relocater is never entitled to any reimbursement, it pays no transaction fee. Furthermore, the PCIA clearinghouse will not charge relocators for analyzing base station information. In contrast, ITA will charge a registration fee for each relocated link filed plus a fee to analyze each each base station included in a PCN filed with the ITA clearinghouse (unless a company purchases a \$5000 CD-ROM) even if no cost sharing transaction ever takes place.

Although ITA states that it will adjust its fee structure if its fees are greater than its revenues, it makes no commitment to return any excess funds collected to cost sharing participants at clearinghouse dissolution. PCIA proposes that to be truly non-profit, all FCC-designated clearinghouses should return any excess funds over expenses to cost sharing participants at dissolution.
- ITA claims that PCIA does not state how it will separate actual relocation costs from premiums.
  - As PCIA stated in its plan, "The clearinghouse will require the relocater to provide the following information to the cost sharing participant: contact name; address; telephone and facsimile numbers; equipment and tower costs; transaction costs; cost sharing obligations; payment due date; and other information as required." The form supplied to cost sharing entities will clearly identify actual costs and cost sharing obligations. In addition, PCIA has stated that it will require relocators to keep records detailing the actual relocation costs for each system according the categories outlined by the FCC, in case of any disputes.

- ITA claims that PCIA's involvement in the PCS proceedings "underscores the need for competing clearinghouses to ensure that the interests of all participants are properly balanced."
  - The PCIA clearinghouse will be governed by a Board elected by all cost sharing participants designated by the FCC and will be managed by an independent staff. As detailed in its proposal, the PCIA clearinghouse will take advantage of PCIA's coordination staff which, as the largest FCC-designated frequency coordinator, has long-understood the necessities of neutrality and impartiality.
- Although ITA acknowledges that the PCIA clearinghouse would be governed by a Board elected from all cost sharing participants, ITA believes that PCIA's failure to discuss microwave participation directly somehow demonstrates that PCIA will not be a neutral administrator
  - PCIA stated in its proposal that "all entities participating in cost sharing will be required to follow the same rules and will be treated in exactly the same manner." PCIA firmly believes that any cost sharing clearinghouse must treat all participants in the same manner. In fact, in its comments on the Commission's FNPRM, PCIA stated, " [i]f the Commission determines that incumbents are eligible to participate in cost sharing, a PCIA clearinghouse will treat them in the same manner as any

**SUMMARY OF COMMENTS FILED  
ON PCIA AND ITA CLEARINGHOUSE PROPOSALS**

| <b>SUPPORT PCIA</b>   | <b>SUPPORT ITA</b>  | <b>SUPPORT<br/>ONE<br/>CLEARINGHOUSE</b>   | <b>SUPPORT<br/>MULTIPLE<br/>CLEARINGHOUSES</b> |
|---|---|--|--|
| APC<br>APT<br>AT&T<br>BellSouth<br>Omnipoint<br>Pacific Bell Mobile Services<br>PrimeCo Personal<br>Communications<br>Sprint Spectrum | API (both PCIA and<br>ITA should serve as<br>clearinghouses, but if<br>there is only one<br>clearinghouse then<br>supports ITA) | APC<br>APT<br>AT&T<br>BellSouth<br>Omnipoint<br>Pacific Bell Mobile Services<br>PCIA<br>PrimeCo Personal<br>Communications<br>Sprint Spectrum<br>UTC | API<br>ITA                                     |